

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2012-383-WS**

IN RE: Application of Carolina Water       )  
      Service, Inc. and Utilities, Inc.       )  
      for Approval of a Bulk Sewer Water )  
      Service Agreement between        )  
      Carolina Water Service, Inc. and    )  
      Utilities, Inc. and Georgetown     )  
      County Water and Sewer District    )

**EXHIBIT 1**

## GEORGETOWN COUNTY WATER AND SEWER DISTRICT

### BULK SEWER SERVICE AGREEMENT

Georgetown County Water and Sewer District, hereinafter "GCWSD" or "District", Carolina Water Service, Inc., hereinafter "Customer", and Utilities, Inc., hereinafter "Guarantor" hereby enter into this Bulk Sewer Service Agreement ("Agreement") and in mutual consideration of the provisions herein contained and for other good and valuable consideration, agree as follows:

#### I. BULK SEWER SERVICES

##### A. OBLIGATION TO SUPPLY BULK SEWER SERVICE:

GCWSD agrees to furnish Bulk Sewer services for use by Customer subject to the conditions set forth in this Agreement and the terms and conditions set forth in the Bulk Sewer Service Rate Schedule S-8 (sometimes referred to as "Rate Schedule"). GCWSD will supply Bulk Sewer service in the service area as described in Exhibit I from the delivery point specified in Exhibit I. As reflected in Exhibit 1, these rates and charges are subject to change periodically at the discretion of the District.

##### B. SERVICE CHARACTERISTICS:

- a. Wastewater delivered by the Customer shall not exceed a maximum flow rate of 400 gallons per minute and will consist only of wastewater with normal domestic wastewater characteristics.
- b. The Customer connection to the GCWSD wastewater transmission lines from the Customer's wastewater pumping station and the metering device will be designed and installed by Customer at the sole source and expense of Customer in accordance with the rules, regulations, and standards of GCWSD, provided a permit or permits are issued as required by the S.C. Department of Health and Environmental Control, hereinafter "SCDHEC". The plans and specifications for the proposed interconnection will be provided by the Customer to GCWSD in advance to review and approve, which approval will not be unreasonably withheld. Customer shall convey to the GCWSD, by a conveyance document satisfactory to GCWSD, the force main and meter upon acceptance of the meter installation by GCWSD.
- c. The Parties agree that said connection will be completed no later than 6 months after Customer receives a written order from the Public Service Agreement of South Carolina ("PSC") approving this Agreement.
- d. GCWSD shall provide an interceptor sewer transmission main sufficient to provide Customer with 152,000 gallons of wastewater capacity per day.
- e. The Customer shall operate and maintain the wastewater pumping station in good repair and sound operating condition as determined by SCDHEC. The Customer shall operate and maintain the connection from the Customer's wastewater pumping station to the District's meter. The District shall maintain the sewer metering device placed

between the Customer's wastewater pumping station and the District's interceptor sewer transmission main.

**C. CUSTOMER OBLIGATION TO MAINTAIN and COMPLY:**

While this Agreement remains in effect, Customer represents, agrees, and covenants as an essential term that it will adequately and timely maintain its system in good and compliant working order so that sewer service shall be delivered to its customers safely, compliantly, and efficiently.

Customer will in all respects operate its system in full and timely compliance with all applicable state and federal rules, regulations, statutes and codes. Customer is solely responsible for compliance, design, operation, maintenance, and integrity of its system.

**II. LIMITATION OF GCWSD LIABILITY and INDEMNIFICATION**

Notwithstanding anything herein to the contrary, GCWSD shall not be liable for damages to the Customer or the Customer's customers occasioned by reductions, curtailments, or interruptions of sewer service or for failure to provide sewer service as a result of "force majeure" or the Customer's non-compliance with the provisions of paragraph "I.C. CUSTOMER OBLIGATION TO MAINTAIN and COMPLY" as stated above. In the event that GCWSD shall be rendered substantially unable, as a result of force majeure or Customer's non-compliance, to carry out its obligations hereunder, this Agreement shall not be terminated, but the obligations of GCWSD, so far, but only so far, as they are affected by such force majeure or non-compliance, shall be suspended during the continuance of any inability so caused but for no longer period, GCWSD shall remedy such inability with all reasonable dispatch.

The term "force majeure" shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, hurricanes, civil disturbances, acts of terrorism, actions or orders of any governmental authority or court having jurisdiction in the premises and any other cause, whether of the kind herein enumerated or otherwise, not within the reasonable control of GCWSD and which by the exercise of reasonable diligence, GCWSD is unable to prevent or overcome; such term likewise includes: (a) in those instances where GCWSD or GCWSD's wholesale sewer treatment provider is required to obtain rights, easements, or permits to enable GCWSD to fulfill its obligations, the inability of GCWSD or GCWSD's wholesale sewer treatment provider to acquire, or the delays on the part of GCWSD or GCWSD's wholesale sewer treatment provider in acquiring, at reasonable cost and after the exercise of reasonable diligence, such rights, easements, or permits; (b) in those instances where GCWSD or GCWSD's wholesale sewer treatment provider is required to obtain materials and supplies for the purpose of constructing or maintaining facilities to enable GCWSD to fulfill its obligations, the inability of GCWSD or GCWSD's wholesale sewer treatment provider to acquire, or the delays on the part of GCWSD or GCWSD's wholesale sewer treatment provider in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies; and, (c) those instances where construction, changeover, inspection, repair or maintenance of the sewer facilities of GCWSD or the facilities of any other sewer service provider from or through which GCWSD acquires sewer treatment services to be furnished to Customer hereunder are necessary in the judgment of the party so performing the work. The

settlement of strikes or labor disturbances involving GCWSD or GCWSD's wholesale sewer treatment provider shall be entirely within the discretion of GCWSD or GCWSD's wholesale sewer treatment provider and any requirement of force majeure shall be remedied with all reasonable dispatch and shall not require the settlement of strikes or labor disturbances by acceding to the demands of the opposing party or parties when such course is inadvisable in the discretion of GCWSD or GCWSD's wholesale sewer treatment provider. GCWSD and GCWSD's wholesale sewer treatment provider shall make diligent efforts to maintain service under this Agreement, and to restore service as quickly as possible.

Notwithstanding anything herein to the contrary, GCWSD shall not be liable for and shall be completely indemnified by the Customer from and against all damages, claims, demands, fines, penalties, or awards, of any kind or nature (including actual costs and actual attorney fees incurred by GCWSD in defending against any claim, demand, fine, penalty, or award or enforcing the provisions of this Agreement) incurred by or sustained by the Customer, the Customer's customers, GCWSD or any other individual, corporate or otherwise, resulting from or in any way related to: reductions, curtailments, interruptions of sewer service or failure to provide sewer service in the Customer's service area except to the extent caused by GCWSD's negligence or willful misconduct; failure to adequately maintain or adequately construct Customer's system; inadequacies in or the need to repair or replace in whole or in part the Customer's sewer system; Customer's failure to comply with any rule, regulation, statute or directive of any regulating agency, body or supervising court.

### **III. GUARANTY**

Guarantor hereby absolutely, irrevocably and unconditionally guarantees to GCWSD (and its successors and assigns) the payment and performance of the any obligations of the Customer under any provision of this Agreement when the same shall be due, payable or to be performed. Guarantors hereby absolutely, irrevocably and unconditionally covenants and agrees that they are liable, jointly and severally with the Customer, for any and all obligations of the Customer under this Agreement as a primary obligor, and that such Guarantor shall fully perform, jointly and severally, each and every term and provision hereof. This Guaranty is an irrevocable, absolute, continuing guaranty of payment and performance and is joint and several with the obligation of the Customer. This Guaranty shall continue to be effective with respect to any and all obligations of the Customer under this Agreement in the event of attempted revocation, insolvency, bankruptcy, or cessation of business activity of the Customer. The fact that at any time or from time to time the obligations of the Customer may be increased or reduced shall not release or discharge the obligation of Guarantor to GCWSD.

### **IV. TERM and TERMINATION**

- A. The term of this Agreement shall begin on the date of execution of the Agreement by both parties and the payment of the application fee and sewer impact fees as identified in Exhibit II attached, and remain in force for a period of five (5) years, renewing automatically for like successive terms unless notice is provided in accordance with IV. B. below.
- B. The Agreement shall automatically renew as provided in IV.A. above unless either party provides written notice to the other party no less than sixty (60) days in advance of the

expiration of the current term by certified mail, return receipt requested, that said party does not desire the Agreement to be renewed.

- C. Except as specified in "III. Guaranty" above and "VII.A.g and h." below where other terms apply, either Party may terminate this Agreement upon ninety (90) days advance written notice if the other is in material breach of its obligations hereunder and such breach has not been cured within seventy-five (75) days after receiving notice of such breach from the non-breaching Party. The notice shall specify with particularity the grounds of said alleged material breach and the actions required to be undertaken to cure said alleged default.
- D. Modifications of the Agreement may be made at any time by mutual written agreement of the parties.

## **V. AGREEMENT ADMINISTRATION**

### **A. AGREEMENT TO PAY:**

Customer agrees and covenants to timely pay GCWSD at the applicable rate(s) specified in Exhibit II, and consistent with the Standard Terms and Conditions provided in the District's current Rates and Charges Resolution, a copy of which has been provided to Customer by GCWSD.

### **B. BULK SEWER RATE FOR USE IN EXCESS OF PURCHASED CAPACITY:**

As set forth in Exhibit II, in the event that Customer uses wastewater treatment services in excess of the capacity purchased by the payment of impact fees, the Customer will pay a higher tier rate. Also, as set forth in Exhibit II, usage will be reviewed each year to determine if sewer demand charges would apply. Sewer Demand Charges are explained in full in Rate Schedule S-10. Customer's account will be billed and payments made monthly; late payments shall be penalized as established by Rate Schedule G-4. All current fees, charges and rates are set forth in Exhibit II attached hereto.

## **VI. REVIEW OF PURCHASED CAPACITY**

The Customer agrees to purchase an initial capacity allotment of three hundred (300) residential equivalency units (REUs), which represents the number of serviceable lots present in the Customer's service area. Payment of the sewer impact fee is based on a rate of one thousand one hundred thirty dollars (\$1,130.00) per REU for a total payment of three hundred thirty-nine thousand dollars (\$339,000.00). The Customer acknowledges current wastewater flows from the service area exceed average wastewater flows per household as established by SCDHEC. As such, the Customer agrees to attempt to reduce average wastewater flows through system improvements. The Customer acknowledges the right of GCWSD to evaluate historical wastewater flows generated by Customer and require the purchase of additional capacity (Sewer Impact Fees) by the Customer prior to renewal of the Agreement as specified in Section II. The determination of the amount of additional sewer impact fees required will be based on the average wastewater flows generated by the Customer during the twelve month period prior to the renewal of the Agreement. The prevailing GCWSD impact fee will apply.

## VII. GENERAL PROVISIONS

### A. GENERAL TERMS

- a. Wastewater services supplied hereunder shall be at a single point or multiple points of metering, as established by mutual agreement.
- b. Billing, payments and penalties will be handled in accordance with the District's existing policies, or as such practices may be changed or amended from time to time. Billing of monthly fees and charges will not begin until delivery of the services contemplated by this Agreement commences.
- c. The District's representative shall have the right of ingress and egress to the Customer's property located within its service area as described in Exhibit I at any time for any purpose involving the service of wastewater as provided under this Agreement.
- d. Both parties shall have access to the metering devices approved by GCWSD and installed by Customer for examination and visual inspection at all reasonable times, but the reading for billing purposes, calibration adjustment and maintenance shall be done only by the employees or agents of GCWSD.
- e. At least annually GCWSD shall have an independent certified meter testing firm calibrate the wastewater metering device(s) installed by Customer. GCWSD shall give Customer a minimum of 48 hours advance notice of such meter testing and calibration so that a representative of the Customer may have the opportunity to be present.
- f. Upon the specific request of the Customer, GCWSD shall schedule certification of the metering device(s) by a certified testing and calibration firm and shall give such advance notification as is reasonable under the circumstances. In the event such certification indicates that the meter is not accurate within AWWA standards for the metering device installed, GCWSD shall pay for the certification. In the event the metering device is determined to be accurate within the AWWA established standards then Customer shall pay for the certification.
- g. In the event a metering device is not accurate within AWWA established standards, GCWSD shall review available data to determine as accurately as possible the date upon which the inaccuracy began. Upon making such determination, the reading for the one year period immediately prior to the discovery shall be reviewed together with all available documents. Billing during this period of time shall then be recalculated and adjusted as needed.
- h. Service under this Agreement is subject to the rules and regulations of duly constituted regulatory bodies having jurisdiction over either or both parties.
- i. GCWSD agrees that all metering facilities owned by the District shall be installed according to applicable codes, regulations, District standards and maintained in a safe condition.



- j. Wastewater services supplied under this Agreement shall be subject to the District's Sewer Use Resolution.
- k. Failure to notify the District of any changes in wastewater use or relevant alteration having a material impact on flow generated by Customers will be considered a material breach of this Agreement. Upon "Notice of Material Breach", Customer shall provide a plan to remedy the material breach within 30 days. Failure to restore property and/or wastewater use to conditions as described herein in a timely manner shall result in immediate termination of service.
- l. Within ninety (90) days of the execution of this Agreement, Customer will secure approval of this Agreement. GCWSD acknowledges the obligation of Customer to obtain such approval from the PSC, which is not obligated to approve the Agreement by a date certain. Customer will petition PSC to approve the Agreement within thirty (30) days of its execution and make earnest effort to obtain such approval in an expeditious manner. Failure to secure approval within ninety days will void the Agreement absent extension of the Agreement by mutual, written consent of the parties. If the agreement is voided as a result of the failure to secure approval from PSC, impact fees will be refunded without interest within sixty days of voiding the agreement.

**B. RATES AND CHARGES**

Customer acknowledges receipt of GCWSD's Rates and Charges Resolution dated June 7, 2012 where the rates as indicated in Exhibit II were adopted by the District's Board of Directors, and further acknowledges that the rates and regulations may be amended by the Board of Directors from time to time; any such amendments are hereby incorporated by reference in their entirety and made a part of this Agreement for all purposes. Prior to any change in Rates, Charges, or Regulations, the District shall provide Customer with at least thirty (30) days written notice.

**C. ENTIRE AGREEMENT**

This Agreement (including all exhibits, regulations, attachments, or other addenda thereto) reflects the entire agreement of the parties with respect to its subject matter and supersedes all previous written communications, proposals, representations, understandings, and agreements, whether written or oral, between the parties with respect to said subject matter.

**D. GOVERNING LAW AND VENUE**

This Agreement shall be interpreted solely by the application of the laws, statutes, rules and regulations of the State of South Carolina. Any action taken under this Agreement shall be venued in Georgetown County South Carolina.

**E. EFFECTIVE DATE**

This Agreement is effective on the last day of execution of this instrument by both GCWSD and Customer and payment of applicable rates and charges.

**F. NOTICE**

Any notice to be given by CUSTOMER or DISTRICT to the other shall be sent by hand delivery, registered or certified mail with return receipt requested to the respective addresses shown

below. Either party may change its notice address by giving proper written notice to the other as provided herein:

For CUSTOMER:

Carolina Water Service, Inc.  
2335 Sanders Road  
Northbrook, IL 60062  
Attention: President

With a copy to:

Carolina Water Service, Inc.  
200 Weathersfield Avenue  
Altamonte Springs, FL 32714  
Attention: Regional Vice President

For DISTRICT:

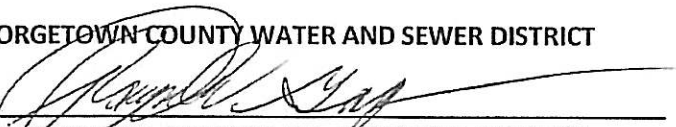
Georgetown County Water and Sewer District  
456 Clearwater Drive  
Pawleys Island, SC 29585  
Attention: Executive Director

With a copy to:

James J. Hinchey  
Hinchey, Murray & Pagliarini LLC  
18 N. Adgers Wharf  
Charleston, South Carolina 29401

GEORGETOWN COUNTY WATER AND SEWER DISTRICT

BY:

  
RAYMOND E. GAGNON, P.E., EXECUTIVE DIRECTOR

DATE:

10/5/12



CAROLINA WATER SERVICE, INC.

BY: 

RICK J. DURHAM, REGIONAL VICE PRESIDENT

DATE: 

UTILITIES, INC.

BY: \_\_\_\_\_

LISA A. SPARROW, PRESIDENT

DATE: \_\_\_\_\_

CAROLINA WATER SERVICE, INC.

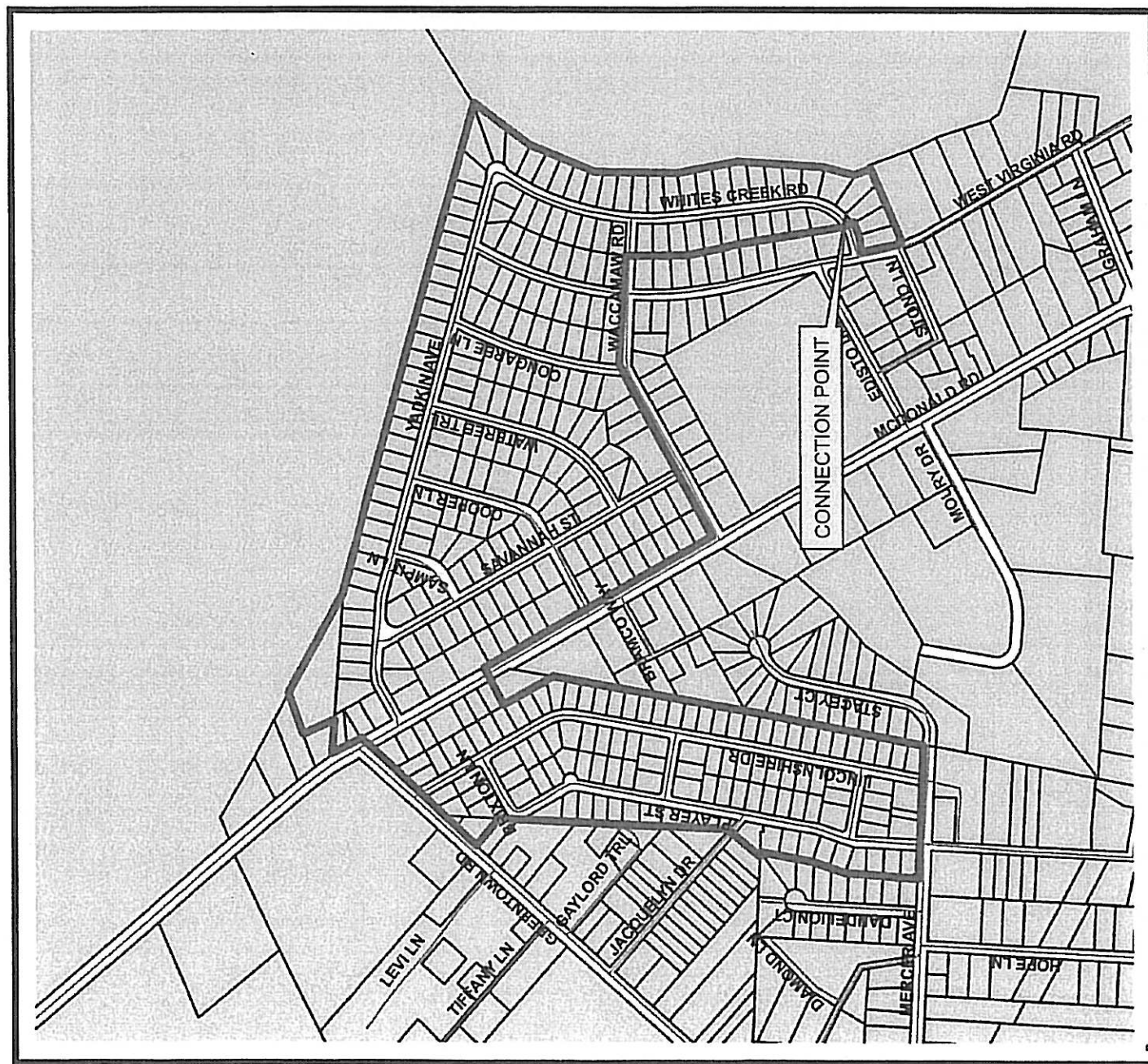
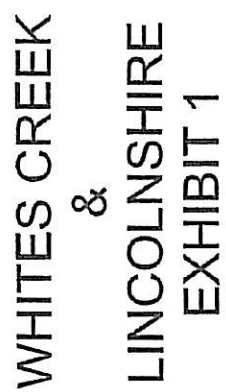
BY: \_\_\_\_\_  
RICK J. DURHAM, REGIONAL VICE PRESIDENT

DATE: \_\_\_\_\_

UTILITIES, INC.

BY: \_\_\_\_\_  
LISA A. SPARROW, PRESIDENT & CEO

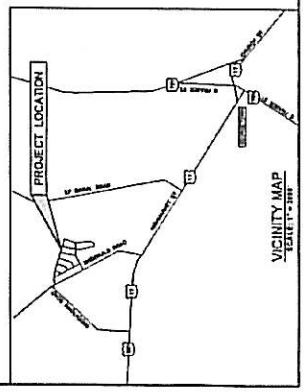
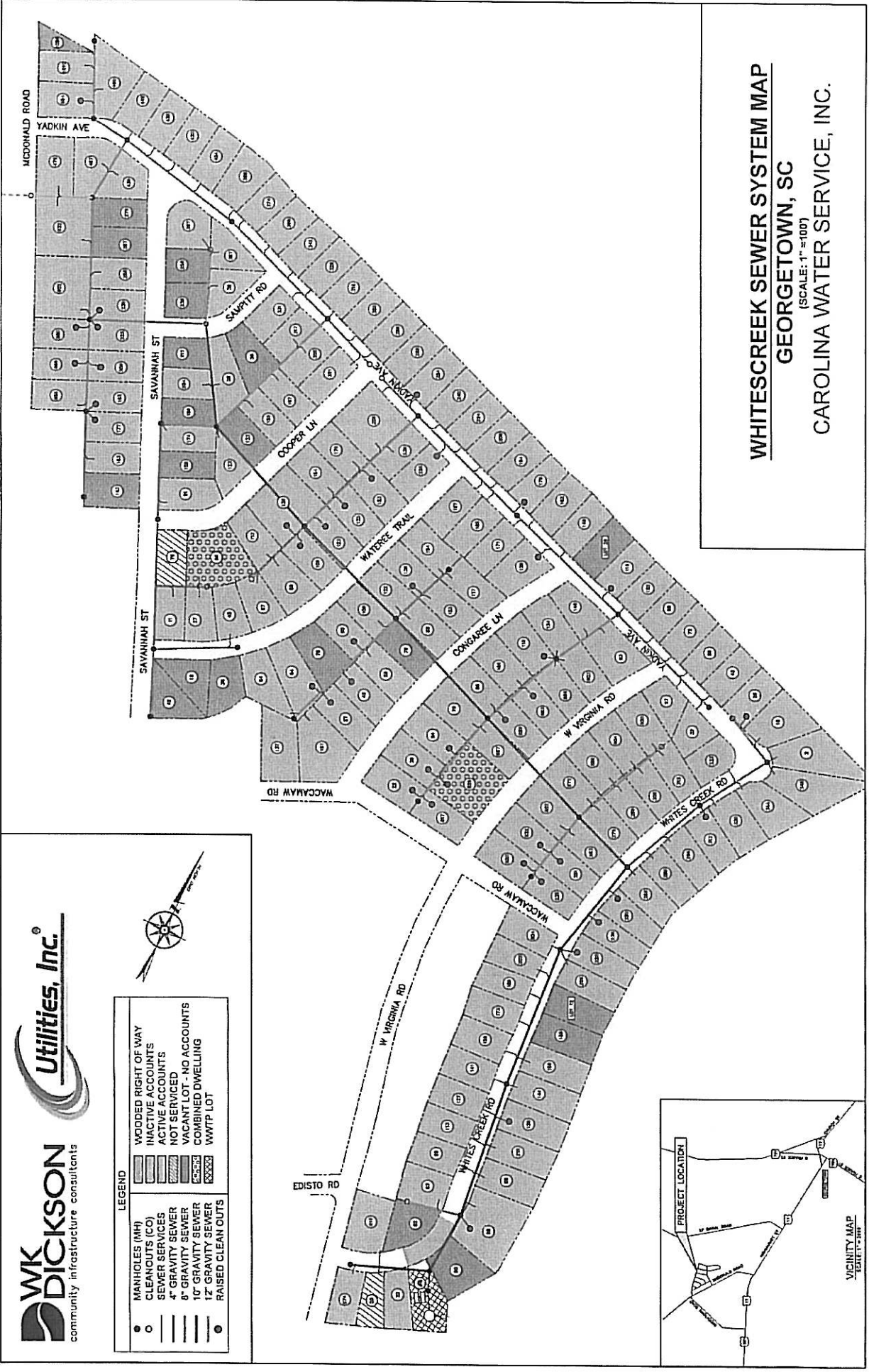
DATE: 10/1/12





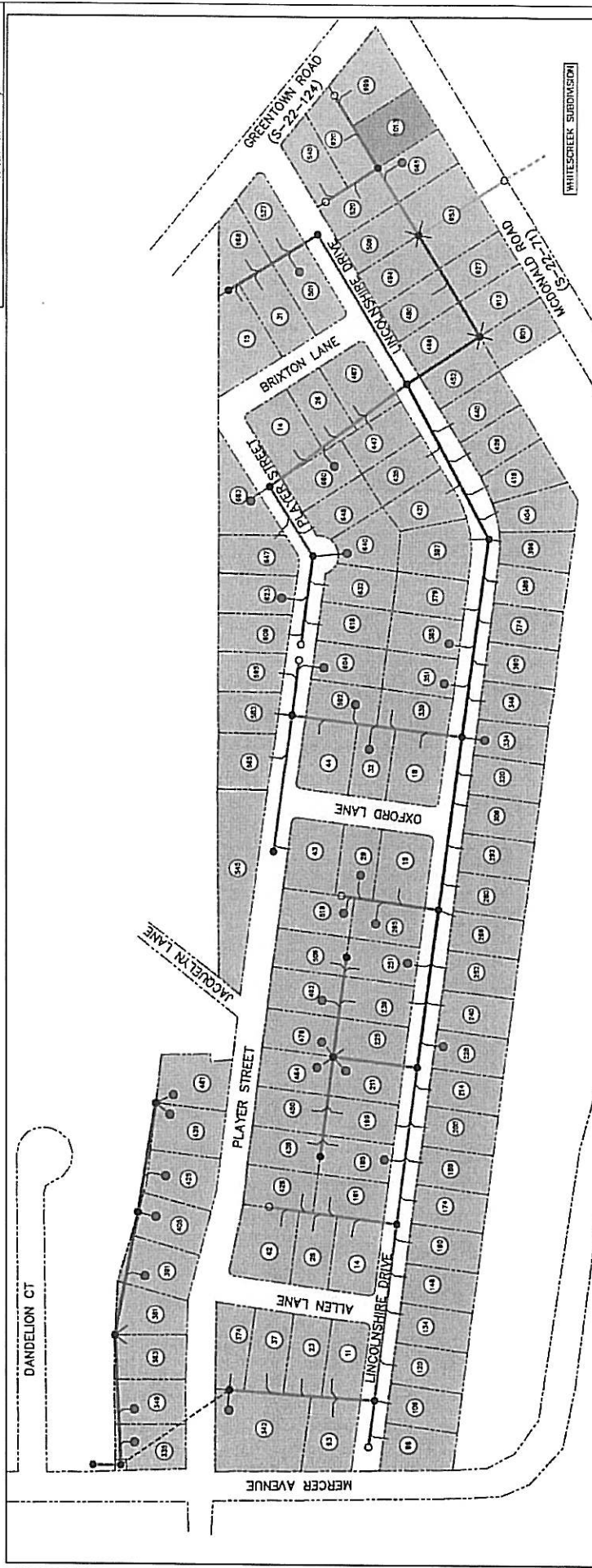
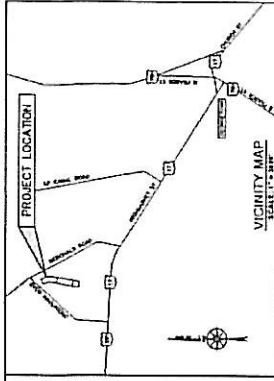
**LEGEND**

MANHOLES (MH)	WOODED RIGHT OF WAY
CLEANOUTS (CO)	INACTIVE ACCOUNTS
SEWER SERVICES	ACTIVE ACCOUNTS
4" GRAVITY SEWER	NOT SERVICED
8" GRAVITY SEWER	VACANT LOT - NO ACCOUNTS
10" GRAVITY SEWER	COMBINED DWELLING
12" GRAVITY SEWER	WWTP LOT
RAISED CLEAN OUTS	



**WHITESCREEK SEWER SYSTEM MAP**  
**GEORGETOWN, SC**  
 (SCALE: 1" = 100')

CAROLINA WATER SERVICE, INC.



LEGEND	
●	MANHOLES (MH)
○	CLEANOUTS (CO)
—	SEWER SERVICES
—	4" GRAVITY SEWER
—	6" GRAVITY SEWER
—	8" GRAVITY SEWER
—	10" GRAVITY SEWER
—	12" GRAVITY SEWER
—	RAISED CLEAN OUTS
■	INACTIVE ACCOUNTS
■	ACTIVE ACCOUNTS
■	VACANT LOT - NO ACCOUNTS

**LINCOLNSHIRE SEWER SYSTEM MAP**  
**GEORGETOWN, SC**  
 (SCALE: 1" = 80')

CAROLINA WATER SERVICE, INC.



EXHIBIT II

BULK SEWER SERVICE CHARGES  
Fees & Charges

Application Fee:	(\$27.00, one time payment) Schedule#: G-2A
Sewer Impact Fees:	(\$1,130.00 per REU, onetime payment) Schedule#: S-1 Total cost for 300 REUs - \$339,000
Customer Charge:	(\$5.93, charged monthly) Schedule#: G-9
Sewer Availability Charge:	(\$3.74 per REU, charged monthly) Schedule#: G-9 Total cost for 300 REUs - \$1,122 per month
Bulk Sewer Volume Charge: (Assumes 300 REUs)	
Tier I	(\$1.99 per thousand gallons up to 2,100,000 gallons per month)
Tier II	(\$3.33 per thousand gallons for usage in excess of 2,100,000 gallons per month, up to 8,400,000 gallons per month)
Tier III	(\$4.83 per thousand gallons for usage in excess of 8,400,000 gallons per month) Schedule: S-8
Sewer Demand Charge:	(\$7.28 per Demand REU, charged monthly as well as additional Sewer Availability fees) Schedule: S-10 Monthly charge for use in excess of purchased capacity. The Sewer Demand Charge is determined in June of each year and applied to the account in September. The demand charge would not be applied to the proposed account prior to September 2014.

Fees, rates and charges are subject to change